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Commission Chairman Caliboso and Honorable Commissioners:

My name is George Waialeale; I have been employed by the local telephone company in Hawaii for nearly 38 years. I have also been Business Manager & Financial Secretary of IBEW Local Union 1357 from 1989-1998. In this position, I represented the telephone collective bargaining unit employees of Hawaii.

During the years that I have been with the telephone company, Hawaiian Telephone has been bought or merged twice. Both transactions produced positive and negative results. The common element of both deals was that an experienced PHONE COMPANY was seeking to grow within its own area of expertise.

When I found out about the possible purchase of Verizon Hawaii by a mainland investment group WITH NO PRIOR TELEPHONE EXPERIENCE, I became concerned and started to investigate the Carlyle Group's dealings. The more I read about them, the more I became concerned for our state, community, employees, and ratepayers.

On May 12, 2004 United States Senator John McCain of Arizona had a hearing to discuss telecommunications policies in the competitive marketplace. In attendance were the CEOs of Verizon, Alltel, ComCast, etc. Ivan Seidenberg, CEO of Verizon, testified before the committee: "Since the act (1996 Telecommunications Act), the only way any (telephone) company has made money in the wire line business is by selling itself. That is a 100 percent true statement so no one is making money organically, they're making it because they run the business to a certain point they have to merge with somebody or sell the assets."

If Mr. Seidenberg's statement is true and the largest telephone company (Verizon) cannot turn a profit, how will Carlyle make a profit without selling parts of Verizon Hawaii for a quick return on its investment? If quick profits matter most, our employees, ratepayers and the state of Hawaii are left without any immediate benefits.

In order for this deal to make sense, The Carlyle Group must be committed to the long- term benefit of the community. Just like someone who buys rental property in his own neighborhood, it is likely to take better care of its rental when it is a neighbor as well as a landlord. If it buys Verizon Hawaii, it will have to invest money in repairing the outdated lead cables.

I have also asked in briefings with Carlyle, what will they be doing to improve Hawaii's infrastructure such as the leaded copper cables we have. This has given us much problems during raining weather. I asked if they where going to replace these copper cables with fiber optic technology. The answer I got was NO. If this sale does not bring network improvements or new technology for Hawaii's telephone network, it is hard to understand what is meant by the synergies (or benefits) of this deal.

Extending their commitment to the employees of the company is vital. Many employees fear that Carlyle will cut benefits and job security as a way to become profitable quickly, if they purchase Verizon Hawaii.

As part of the past two sales, our pension plan moved from Hawaiian Telephone to GTE Hawaiian Telephone then from GTE Hawaiian Telephone to Verizon Hawaii. This movement was done without loss of benefits. All pension assets and benefits moved from one company to the other.

With the Carlyle Group purchase of Verizon Hawaii this pension protection is not ensured. This has worried many employees of Verizon Hawaii both hourly and management. It has concerned so many employees that many are threatening to retire or move to another Verizon location on the mainland in order to insure there pension will not be harmed before the sale is completed. Many employees could lose hundreds of thousands of dollars without proper protection.

It is my belief that Verizon Hawaii pension plan contains investment gains that could be wrestled away. Verizon has an obligation to the employees; it is not only a legal issue but a moral obligation. This money that has been put into the pension plan is for the EMPLOYEES not the employer. I have been told that the excess funds of the pension plan could amount to 200 million dollars. This would be a sizeable GAIN in selling Verizon Hawaii. At the same time, many management employees will be terminated with Verizon Hawaii and will have to start NEW with the New Phone Company. This means they will have to take their pension with a PENALTY and then start a NEW with the new company. They will have to work at least another 15 years before qualifying for a new pension; if any is offered.

While the Public Utilities Commission considers this proposal, it is important to remember there are FOUR STAKEHOLDERS involved. They are the shareholders, the ratepayers, the community and the employees. It seems to me that three of the four stakeholders could be negatively and severely impacted if the sale of Verizon Hawaii is approved as The Carlyle Group requests.

I ask that the Public Utility Commission act in the public interest and DISAPPROVE the sale of Verizon Hawaii in the best interest of Hawaii.